



**United States Agency for International Development  
Sarajevo, Bosnia-Herzegovina**

**REPORT to USAID BOSNIA & HERZEGOVINA**

**on the**

**BRCKO MUNICIPAL ASSISTANCE ACTIVITY**

**Prepared  
by  
Allan Rosenbaum\***

**December 2001**

*\*Dr. Allan Rosenbaum is Professor of Public Administration at Florida International University, Miami, Florida, USA, where he also serves as Director of the Institute for Public Management and Community Service. He currently also serves as President of the International Association of Schools and Institutes of Administration headquartered in Brussels, Belgium and on the Executive Council of the Washington, DC based US National Association of Schools of Public Affairs and Administration .*

**USAID/Bosnia-Herzegovina, AmEmbassy Sarajevo, Dept. Of State, Washington DC 20521-7130  
Phone Number: 387-33-66-79-00**

## **EXECUTIVE SUMMARY**

### **BRCKO EVALUATION REPORT**

The purpose of this report is to provide the US Agency for International Development (USAID) Democracy Office in Bosnia & Herzegovina with an evaluation of the first two years of the Brcko Municipal Assistance Activity project (also known as the District Management Team Project) currently underway in the Brcko District of Bosnia & Herzegovina. In addition, the report also provides various suggestions for project adjustments which USAID and its contractor, Development Alternatives, Inc. (DAI), might wish to undertake during the next year of the project.

The task undertaken by USAID, and its contractor, DAI, in the Brcko District was and is a complicated and difficult one. The ultimate goal has been and is to put in place an effective, responsive and transparent government in an area which was the scene of bitter and intense fighting during the course of the war in Bosnia, which suffered great damage to both public and private infrastructure and in which continuing ethnic tensions remain very significant. Given these realities, even modest achievements should be considered a success. In fact, the achievements of this project, under difficult circumstances, have been nothing short of extraordinary. Two years ago, the Brcko District was under the administration of three ethnically distinct local governments that delivered only the most minimal and primitive of services in a not every effective or efficient way. Today, there exists a single highly professional, well organized district government that delivers a wide variety of services effectively and efficiently to the local citizenry. As everyone who has been a part of this process readily acknowledges, the District Management Team (DMT) project has been essential to making this happen.

These achievements are even more significant when one realizes that years of war, and its aftermath, had led to the development of an environment where corruption, cronyism and the absence of a sense of civic responsibility were accepted norms. This had resulted in the substantial misallocation of the limited funds available to government and almost no public confidence in government. This, in turn, had produced a widespread resistance on the part of the citizens to the paying of taxes, fees for services and the like. Today, tax and fee collection are carried out in a highly effective way in large measure because government is conducted in a transparent and open manner.

The DMT project was designed with five specific objectives. These included:

- 1) Consolidation, rationalization and legalization of the District Government.
- 2) Improved District personnel management and performance.
- 3) Sounder and more transparent budgeting and financial management operations.
- 4) Planning and initiating economic development in Brcko.
- 5) Enhancing the transparency and accountability of government.

In each of these areas the DMT project can rightly claim numerous highly important accomplishments which are detailed in the report that follows. Of particular note are the outstanding achievements of the DMT project in the development and implementation of what are essentially the key elements of modern government – an open and effective budgetary process and the recruitment on merit principles of a competent public work force. In addition, it should be noted that the DMT project has performed outstandingly in other areas beyond the initial objectives of the project including assisting in restructuring and rebuilding the areas' utilities and public works. These are matters of great importance since they have a high level of relevance and visibility to the citizens of the Brcko District. Of particular note, the DMT staff has been especially concerned about and insured equality of access to government positions and services to each of the three ethnic groups in the Brcko region.

The report concludes by noting seven issues that are relevant for consideration in terms of new directions or initiatives within the DMT project. They include:

- 1) Encouraging greater focus at the community level on the part of the District Government.
- 2) Encouraging greater attention to issues regarding the involvement of women in local governance.
- 3) Lowering the public profile of the DMT project.
- 4) Continuing to emphasize an economic development focus for the project but adjusting it toward greater utilization of short term advisors.
- 5) Assuming a collegial relationship with District Government officials.
- 6) Directing greater attention to issues of citizen participation.
- 7) Focusing on next steps to insure sustainability.

# **BRCKO EVALUATION REPORT**

## **I OBJECTIVE AND PURPOSE**

The purpose of the report that follows is to provide the US Agency for International Development (USAID) Democracy Office in Bosnia & Herzegovina with an evaluation of the first two years of implementation of the Brcko Municipal Assistance Activity project (also known as the District Management Team Project) currently underway in the Brcko District of Bosnia & Herzegovina. In addition, this report also will provide various suggestions for project adjustments which USAID and its contractor, Development Alternatives, Inc. (DAI), might wish to undertake during the next year of the project.

In order to carry out this evaluation, relevant documents were reviewed and numerous very extensive interviews were carried out on site during the course of a two-week period. Appendix I lists the documents reviewed, as well as the individuals interviewed. It should be noted that the typical interview lasted from one to two hours and in a number of cases individuals were interviewed more than once. In addition, meetings of the Mayors Cabinet, the District Assembly and the staff of the Office of the Deputy High Representative/North (OHR/N) were attended.

## **II BACKGROUND**

The task undertaken by USAID and its contractor, DAI, in the Brcko District was and is a complicated and difficult one. The ultimate goal has been and is to put in place an effective, responsive and transparent government in an area which was the scene of bitter and intense fighting during the course of the war in Bosnia, which suffered great damage to both public and private infrastructure and in which continuing ethnic tensions remain very significant. Given these realities, even modest achievements should be considered a success. In fact, the achievements of this project, under difficult circumstances, are nothing short of extraordinary. Two years ago, the Brcko District was under the administration of three ethnically distinct local governments that delivered only the most minimal and primitive of services in a not very effective or efficient way. Today, there exists a single highly professional, well organized district government that delivers a wide variety of services effectively and efficiently to the local citizenry. As everyone who has been a part of this process readily acknowledges, the District Management Team (DMT) project has been essential to making this happen.

It was exactly two years ago that the District Management Team initiated its work in Brcko. This followed months of critical preparatory and design work by the Democracy Office of USAID/Bosnia (which has continued to provide substantial support and guidance to DAI project staff). It wasn't until six months following project initiation

that, based on authority granted by the second Brcko arbitration award, the Brcko District Government was established through the consolidation of three ethnically based communities: Brcko town, Brcko Municipality and Ravna Brcko. The task undertaken by the DMT, of constructing a single representative but unified professional government for a joint urban/rural agrarian region of 90 to 100,000 ethnically diverse residents was, by any standards, a difficult and complicated one.

It was carried out in an environment of ethnic rivalries and antagonisms that even today, six years after the Dayton peace accords, are still very real and significant throughout the region and the country. In the Brcko District, the situation is even more complicated since it was not only bitterly contested during the war, but it also represents the only major area of the country in which all three ethnic groups still are found in large enough numbers as to require significant representation and involvement in area governance. This has required the building of governmental agencies that, on the one hand, rely upon merit principles but, on the other, recognize and take account of ethnic diversity and the need for ethnic representation in all areas of programmatic activity.

Equally daunting in terms of obstacles that had to be overcome in the building of a consolidated district government was the limited professional capability and traditions of the three existing governments. For a variety of reasons – most notably the complexity of making the transformation from a command to a market economy and the terrible consequences of the war in Bosnia - the decade of the 90's has not been a kind one for Bosnia & Herzegovina generally and Brcko in particular. The Brcko District, which began the decade of the 90's as a prosperous region ended it as an area characterized by significant poverty and unemployment, major destruction of public and private infrastructure (from roads to factories) and massive displacement of its inhabitants (Perhaps 60% of all of the district's current residents fall under the category of displaced persons in that they are either refugees from another area living in homes from which other residents have been displaced or were themselves displaced from their homes in Brcko town and have found other places within the District to live. This includes many Serbs who were displaced from Croatia to Bosnia).

Not surprisingly, given these circumstances, the three individual ethnically based municipal governments that needed to be consolidated were neither well organized, nor highly professional organizations. In fact, they were lacking in most of the basic characteristics necessary to deliver effective public services. Taken together, the three ethnically based municipal governments had over 3,000 employees, but many of them were ill equipped, in terms of training and knowledge, to effectively manage a modern well run government.

Efforts to integrate personnel from these three governments into a single, coherent system were complicated by much more than the intense antagonisms engendered by their ethnic differences. Unlike many of the countries of Eastern Europe and the old Soviet bloc, Yugoslavia, had had a strong tradition of worker control and organizational autonomy. This meant that individual government agencies that might appear on paper to be part of a unified governance structure frequently had extraordinary amounts of autonomy. This

tradition was further exacerbated by the effects of the war and the several years thereafter in which negotiations over governance arrangements in the Brcko District continued.

The result was that when the District Management Team initiated its efforts, depending on what kind of criteria one uses for the purpose of counting, the three ethnically based municipal governments were actually composed of between 90 and 120 relatively autonomous service providing organizations operating within the Brcko District. In many instances, these various agencies of government not only operated as virtually autonomous organizations but they also were highly susceptible to undo influence from the 82 local neighborhood based political committees (MZ's) found in the Brcko District which were remnants of the former communist governance system.

The situation was further complicated by the fact that the years of war and its aftermath had led to the development of an environment where corruption, cronyism and the absence of a sense of civic responsibility were accepted norms. The result was substantial misallocation of the limited funds available to government and almost no public confidence in government. This led to a widespread failure on the part of citizens to pay taxes, fees for services (such as utilities) and the like. In addition, it was not unknown for many of the government agencies to have phantom employees who collected salaries but did not actually do any work for the agency involved.

A visitor arriving in Brcko today would find it hard to believe that these conditions existed only two years ago. A well organized, highly effective district government, presided over by Mayor Sinisa Kisić, composed of eleven separate departments is now in place. Each of the departments is led by competent professionals. Together, there is a district government staff of about 2,400 individuals who, as best can be determined, have been in almost all instances selected on the basis of qualifications for their position while nevertheless paying close attention to issues of ethnic balance. Best estimates are that currently, the Brcko District is composed of approximately 40% Serbs, 40% Bosniaks and 20% Croats. The staff of the District Government is 45% Serbs, 37% Bosniaks and 17 % Croats.

Moreover, it is a government that is delivering effective services to its citizens. Two years ago (which was four years after the signing of the Dayton Peace Accords), electric outages were commonplace as the district's three ethnically distinct electric systems were deteriorating and collapsing. Today, a unified system is being rebuilt and outages are the exception rather than the rule. Two years ago, roads were in disrepair, parks abandoned and downtown intersections littered with trash. Today, trash is routinely collected, roads are being repaired, public facilities (including the downtown park) are being rehabilitated and the downtown has become the locus of numerous coffee bars and cafes that are well frequented. Two year ago, the district continued to operate three separate ethnically based school systems. Today, major efforts are underway, and some initial steps have been taken, to create an ethnically integrated school system. While the potential for significant community conflict, especially in the area of education, remains; clearly, life is beginning to return to some degree of normalcy in the Brcko District.

Central to making this happen has been the emergence during the past year of the District Government as an effective, progressive, honest municipal/regional government. In turn, central to that development have been the efforts of the DMT project. As even its severest critics within the District Government (and there are some officials who feel very strongly that various members of the DMT have at times operated in an arbitrary and authoritarian fashion) will readily acknowledge, absent the District Management Team, the Brcko District would not today have a modern, effective and progressive municipal government. And, as the critics will also acknowledge, absent that government, the lives of Brcko residents would be considerably more difficult and much less hopeful than they are today and the very real ethnic tensions would be far greater.

One of the unique aspects that the environment in which the DMT has worked is the role of the Office of the Deputy High Representative/North and in particular that of the Deputy High Representative also known as the District Supervisor. The Brcko award, while it provides for the creation of a district government organized along the lines of an American Mayor/Council system of municipal governance, nevertheless vests final authority for all actions and decisions in Brcko in the hands of the District Supervisor. That individual, who has by tradition been an American (either currently or formerly an Ambassador), does have the authority to overrule or void actions of the District Assembly, the Mayor and the District Administration.

Obviously, the availability of an individual with that kind of authority has been absolutely essential in terms of the ability of the DMT to introduce and implement very rapidly many of the reforms and programs that will be discussed below. Nevertheless, the existence of that kind of authority does not, by any means, guarantee that effective programs will be developed and implemented. Indeed, the reality is that each institution and organization has been highly dependent upon the other. The District Supervisor has relied intensely upon the DMT for the knowledge, experience and understanding necessary to both develop and implement the district governance system. In turn, the DMT has relied on the ultimate authority of the District Supervisor as a means to persuade and, in some instances, actually compel reluctant local officials to carry out functions in the most effective, efficient and transparent manner.

### **III FINDINGS**

Most assuredly, any assessment of the work of the DMT project in Brcko must begin with the acknowledgement that this was an important initiative, implemented in a complex and difficult environment, in a highly effective manner with, for the most part, unusually positive outcomes. As it was conceived, the project had five specific objectives:

- 1) Consolidation, rationalization and legalization of the District Governments' functions and services.
- 2) Improve district personnel management and performance.
- 3) The planning and initiating of an economic development program for Brcko.

- 4) The establishment of sound and transparent budgeting and financial management operations.
- 5) Enhanced transparency and accountability of government in Brcko.

In addition, there was one other objective that, at different points, has been noted in project documents; “Improving the operations of Brcko’s utilities and public works programs.” It also should be noted that there are two additional activities on which it is appropriate to judge the project that, while not part of the original objectives as laid out in the contractual relationships between USAID and DAI, have nevertheless been very important. Both of these represent initiatives undertaken by project personnel that were not initially anticipated when the project was designed and developed. The first involved responding to what became numerous, and sometimes complex, requests for information and technical assistance from the office of the High Representative/North. The second involved working very closely with the office of High Representative/North and, in particular, the most recent of the District Supervisors on the very sensitive and difficult issue of bringing about ethnic integration of the Brcko District school system.

While these were not initially part of the project, USAID and DAI personnel should be commended for taking the initiative in their response to expressed need by OHR/N in these areas. These responses were especially important because, absent a strong and mutually supportive relationship with the Office of High Representative and especially the District Supervisor, the DMT project would at a minimum have been much less successful and, in a worst case scenario, conceivably not been successful at all.

While the DMT project has been successful in achieving almost all of its objectives, like any other project it has had some instances in which its success has been greater than others. Consequently, it is useful to review project performance against each of the individual objectives.

### **Consolidation, Rationalization and Legalization of the District Government**

Certainly, the most important achievement of the DMT project has been in the development and organizing of a highly effective, very professional district government. The impact of the DMT can be seen in all aspects of this activity. It begins with the providing of significant assistance to OHR/N in the development of virtually all of the basic laws that structure the District Government and its activities. It is even more significantly seen in the actual organization of the District Government, and especially its executive branch, and the selection of the key individuals who lead it.

The organization of the District Government obviously has been heavily influenced by best practice approaches drawn from the United States. However, DMT staff have also shown an ability to adapt to the special needs of the Brcko environment. For example, they integrated into the organization of the District Government a number of units and agencies that (because of the special circumstances of Brcko - the existence of major refugee resettlement problems and community rehabilitation needs; municipal ownership of large amounts of housing and commercial enterprises with the concurrent need to



engage in significant privatization) others might have been tempted to organize as special semi-autonomous agencies. By bringing these units into the District Government structure, DMT advisors have not only promoted a structure that will in all likelihood produce more unified policy and greater accountability, but also more transparency as well.

Given the tragic recent history of Bosnia, and in particular the Brcko District, one is especially struck by the emerging professionalism and esprit de corp that characterizes virtually all aspects of the Brcko District Government. Whether one is dealing with the political leadership - where the Mayor, Vice Mayor and President of the Assembly all work together in a very effective manner despite being from separate ethnic groups - or the department heads and their immediate senior staff, one finds a degree of enthusiasm and professionalism that is certainly comparable to that of any other well organized professional government any place in the world. Given the complexity of the processes that have occurred over a very short period of time within the District Government, that is a remarkable achievement. The basic statistics themselves are compelling evidence of the significance of this achievement. In the course of 17 months, a government of some 2,400 people was created through the merging of three previous governments of 3,000 individuals through open and competitive selection processes that included not only the 3,000 individuals previously employed by the three ethnic municipalities but another 2,000 applicants. In the process of carrying out the task of selecting these 2,400 people some 3,500 people were interviewed.

### **Improved District Personnel Management and Performance**

As in the areas of governmental consolidation, the achievements of the DMT in terms of improving district personnel management and performance have been outstanding. This is especially notable given an environment where cronyism and patronage have historically been the norm. Thus, it is all the more impressive that the District Government has emerged with a strong commitment to professionalism and merit based hiring within a context of concern for equity in representation. In that regard, it is sometimes forgotten that in the United States, the Pendleton Act (designed to bring about merit based hiring in the U.S. national government) was passed in 1886 and yet in 1936, some fifty years later, only 60% of the federal workforce was being recruited under merit based standards. Indeed, it was not until the mid-nineteen sixties, some eighty years after the passage of the Pendleton Act, that one could say that almost the entirety of the U.S. national government workforce was being recruited on merit based principles. Equally, if not more important for Brcko, is the fact that, not only has its workforce been recruited in this manner, but, at least at the leadership levels of the District Government, there is a great deal of pride in that fact. This augurs well for the prospect of maintaining such policies and procedures.

Equally important for the long run wellbeing of professional personnel management in Brcko is the fact that the DMT has made a significant effort to insure that government salaries are linked to responsibilities in a relatively equitable fashion and that, in most cases, they are at least competitive to the private sector and, most important, adequate for

people to live in a reasonable fashion. Nothing undermines government integrity, not to mention professional personnel management, more rapidly than having government salaries pegged at a very low level. Certainly, in many transitional countries, and even in some states and localities within the United States, government salaries are set at such low levels as to almost guarantee that at least some employees will inevitably engage in inappropriate practices and behavior in order to adequately fund a normal lifestyle. Perhaps the one criticism that can be made of the salary structure that has been implemented (which is very much driven by educational achievement levels) is that for those with the lowest levels of educational achievement, salaries are probably not adequate.

The DMT also played a very significant role in terms of the putting in place all of the multiple parts and complex pieces that are involved in an effective human resource management system. This included such preliminary work as developing basic personnel forms, hiring procedures and processes, position descriptions (especially for upper level staff), position grading and the variety of forms and procedures involved in the processes of hiring new personnel. In terms of recent activities, the DMT has begun to focus more directly on training activities with apparently a good deal of enthusiastic involvement on the part of Brcko District staff.

### **Sounder and More Transparent Budgeting and Financial Management Operations**

It goes without saying that budgeting and financial management is the core of effective, modern, progressive government. Consequently, it is absolute critical to any effort to build strong, viable governance systems to have an effective, responsive, transparent budgeting and financial management system. Nowhere has the success of the DMT been more evident than in terms of its work in developing such a system in the Brcko District Government. The fact that some of the procedures being implemented in Brcko, while totally foreign to the Bosnian experience, are in fact, being replicated in other municipalities, is in itself a very telling indicator of the success of the DMT project in this regard.

The accomplishments of the DMT project in terms of District's budget and financial management are numerous. The most notable of those include:

- 1) the development of the multitude of procedures and processes that are part of a modern budget process.
- 2) the design and implementation of an open and transparent purchasing process that has already demonstrated considerable benefits in terms of limiting governmental corruption and waste.
- 3) the design and implementation of an effective internal auditing system.
- 4) the design and implementation of a capital budget system.

- 5) the implementation of a system of checks and balances regarding fiscal management that involves both the executive and legislative branches of the District Government, thus ensuring greater fiscal accountability.
- 6) the initiation and encouragement of emerging citizen expectations that government will be service oriented, responsive and transparent.

Obviously, another significant achievement of the DMT project has been the public hearings held on the budget. These represent the only public hearings that have ever been held in Brcko government history and by all accounts they were highly successful.

It should be noted that one cannot overestimate the importance of a strong and effective budgetary process to the development of effective public management in the District Government. As has been noted in another place (Rosenbaum in Valsan, ed.: Democracy, Decentralization and Development: Selected International Experiences). An effective budget process is critically important because it drives numerous other important administrative functions including:

1. The creating of a blueprint, or road map, for the activities of the government. In so doing, the budget process forces the establishment and shaping of the priorities for the government for the next year.
2. The creation of the basic framework, or parameters, within which the chief executive is subsequently able to exercise systematic and rational oversight of the various municipal departments and agencies as they are implementing the programs laid out in the annual budget.
3. The imposing of at least some modest degree of planning activity upon each municipal government agency as they participate in the budget process. Indeed, many would argue that the most important and, often, the only serious planning in which any government agency engages is that which leads to its annual budget presentation.
4. Encouraging at least some rudimentary evaluation of the programmatic activities of each agency as judgments and assessments are made regarding the proposed allocation of funding for the next year.
5. The forcing of the making of decisions regarding issues and proposals that have been pending for considerable time. Often the decisions forced by budget preparation involve resolving long festering conflicts over major matters of government policy.
6. The facilitating of systematic interaction between the Chief Executive, his or her department head, and, ultimately, the Municipal Council and its leadership.

While such interaction should occur routinely, in many instances, it actually does not. Consequently, by forcing such consultation, the budgetary process represents, in many instances, the most important interaction to occur between the chief executive and his or her department heads.

7. The revealing of means by which the services of government can be delivered more effectively and inexpensively, therefore enabling the delivery of more and better services to the citizens of a community.

### **Economic Development of Brcko Planned and Initiated**

Economic development is certainly a very important matter for the Brcko District. Brcko has been, as noted above, the scene of tremendous devastation and that devastation has had profound economic consequences. As one individual interviewed commented, “before the war we were prosperous and highly respected throughout Eastern Europe. Today, we are poor and struggling and often not even allowed into other countries.” Some estimates suggest an unemployment rate of 50-60% in the district, although such estimates are at best questionable since there exists within the area a very major gray market economy. Certainly, successful economic development will help to address those kinds of issues.

Nevertheless, achieving economic development is much harder than the developing of plans. So far, a good bit of planning has been underway, but it has not yet resulted in major initiatives. To some extent, this may be a consequence of the fact that there are dual planning processes that have been underway – the one initiated through the DMT team and a separate one initiated by the European Community. Clearly, the DMT effort has attempted to take account of these dual processes. Significant attempts have been made to reach out to the European Community’s initiative and DMT has played a role in encouraging the European Community to broaden the nature of their effort. The DMT staff has also undertaken significant initiatives in terms of attempting to integrate the work of the two economic development planning processes into a single, unified and coherent strategy.

Perhaps the single most important achievement of the DMT effort in this particular area, however, has been to mobilize wide ranging local involvement in attempting to address the issue of effective economic development. The creation of an economic development commission that included membership from numerous sectors concerned with economic development represented not only a significant step in terms of encouraging concern about and planning for increased economic development, but also represented an important initiative in terms of encouraging citizen involvement with the Brcko District Government.

### **Enhanced Transparency and Accountability of Government**

Several significant initiatives have been undertaken by DMT in this area. These include the establishment of a public information office for the municipality and the

encouragement of municipal officials to reach out to and interact with both the local community and the local media. Another important initiative has involved the establishment of a district government newspaper, which comes out on a weekly basis and appears to fill a major void that exists in the Brcko District which does not have a newspaper of its own. This newspaper appears to be quite objective in the sense of not favoring one or another of the ethnic groups or the political parties associated with them, but rather advocating the interest of the entire municipal government.

An additional major achievement includes helping to encourage a general sense of openness on the part of those involved in the District Government. The Mayor and Vice-Mayor obviously are responsive to citizens and the media. Meetings of the District Government (the Mayor and his cabinet) are open to the public, although there are relatively few attendees. In addition, the District Assembly publicizes all of its meetings in advance and they are open to the public. While this way of operating would be considered typical and normal within the United States, it is, in fact, comparatively unique in many transitional countries (including Bosnia and other Balkan states). Likewise, the introduction of public hearings on the district budget represents yet another significant innovation for this part of the world.

### **Strengthen Utilities and Public Works**

The work carried out in this area by the DMT project has been particularly important, both because of its significance for the well-being of the residents of the Brcko District and because of its high level of visibility and consequent importance in building support on behalf of the citizens of the district for their government. As has been noted earlier, the District Government has had many successes in this area and in each of them the DMT has played a very significant role. DMT expertise has been particularly important in guiding the rationalization and rebuilding of the electric power grid in Brcko, in obtaining and rationalizing the use of resources for road and park rehabilitation and in increasing both the amount of water supply available to district residents as well as the quality of that water. All of these accomplishments represent very significant achievements in terms of both improving the quality of life and creating an environment for improved economic development in Brcko.

### **DMT Initiated Objectives**

- A) Responding to the Needs of the Deputy High Representative / North (District Supervisor)

As noted earlier, the District Supervisor, as the final authority in legislative, executive and judicial matters, occupies a truly unique position in Brcko. On the one hand, having extraordinary powers, while, on the other hand, of necessity, working within a political environment in which one must attempt to maintain some measure of harmony and collaboration while at the same time having a very limited knowledge of what is a critical part of ones role – serving as a municipal super chief executive. In this regard, the knowledge and experience of the different members of the DMT has been absolutely

essential to enabling the District Supervisor to operate effectively in what has been, for the three individuals who have held that role, unknown territory. DMT staff has provided advice and guidance to the District Supervisor on virtually every area of local governance, ranging from housing and refugee policy to street reconstruction to the development of laws guarding regulating labor and revenue policies and processes.

## B) School Integration

No issue in Brcko is more sensitive and contentious than ethnically integrating the public schools. In some areas where there was a very high concentration of residents from a single ethnic group, the schools have reflected in teaching staff, curriculum and student body, the political priorities of that ethnic group. In other communities, where one can find more than one ethnic group living, it has been commonplace for the schools to operate with morning and afternoon shifts with one ethnic group attending the morning sessions and the other ethnic group attending the afternoon sessions and again, there being high degrees of segregation in terms of teachers, curricula and students. During the past two and a half years, both the current District Supervisor and his predecessor have worked very diligently in the face of much entrenched local opposition to bring about an integration of faculty, students and curricula that would reflect an integrating of the positions of each of the three principal ethnic groups.

While the area of education has generally been agreed to be a priority of the European Union's involvement in Bosnia, the fact of the matter is that for a variety of reasons, both the current District Supervisor and his predecessor have relied very heavily upon the DMT staff advisor for economic development to provide both guidance and, in some instances, a leadership role in the efforts to bring about the integration of the schools. While it was not, at the time of the project design, anticipated that the economic development specialist would perform this role, the District Supervisor has not only wanted this, but he has been effusive in his description of the importance of the assistance provided by this DMT advisor and has also characterized it as indispensable to his efforts in this area. Both the project and the individual involved can take much pride in the role that they have played in this very important issue.

## V CONCLUSIONS AND RECOMMENDATIONS

As was noted at the outset, the DMT Project is a highly important initiative that has been implemented in a very effective manner in a complex and difficult environment with unusually positive results. Clearly, the project has had many, many important specific achievements for which USAID and DAI can take much pride. Nevertheless, there are some areas that it would be useful to consider addressing or adjusting during the course of the next year. Among these are:

**1) Encouraging Greater Focus at the Community Level on the Part of the District Government:** While there were three different governments that had to be merged to create a single unified government, equally significantly, within those three different governments, there were 82 local community organizations (MZs) - many of which represent local power bases that need to be taken account of as a part of the process of political consolidation. In this respect, the importance of the Mayor, the Assembly and the various department heads in addressing this reality as a part of the process of making a successful transition appears, on occasion, to have been overlooked by both OHR and DMT. By not fully appreciating the potential obstacle that the MZs could have been, and still may be, to the process of governance consolidation, a false sense of security regarding the stability of the institutions that have been established has perhaps been created.

In this regard, efforts should be initiated to create ethnically integrated, community based units of the District Government which can serve as a part of the Brcko governance structure. In all probability, at least some of the leadership of the MZ's can and need to be integrated into such an effort. One alternative that might be initiated by the District Government is the establishment of 10 to 15 geographically based (if necessary, they could be gerrymandered in such a manner as to insure ethnic diversity) elected or appointed neighborhood councils. Such councils, while remaining subordinate to the District Government, could be delegated authority to allocate modest financial resources to facilitate community improvements and possibly given some degree of authority in the areas of planning and zoning. Such bodies could play a very important role in both encouraging local citizens awareness of the District Government and also mediating between neighborhoods and communities and the government itself.

**2) Encouraging Greater Attention to Issues Regarding the Involvement of Women in Local Governance:** While apparently not intentional, the DMT project and perhaps more significantly, OHR North and the District Government, have not been adequately sensitive to issues of gender equity. Most assuredly, good faith efforts have been made in that regard. However, as a quick review of the leadership of the District Government readily suggests, they have not been adequately successful. This is an issue that takes on more importance in the Bosnian context than in many others. Traditionally, women in the Brcko area have been considerably less involved in the political parties (which in many cases reflect rigidly doctrinaire attitudes) than men. Given this reality, it is particularly important to bring women actively into the local political process to encourage more flexibility and reasonableness. This should be a heightened concern of DMT, OHR and the District Government. In that regard, the concept of establishing the kind of citizen councils noted above could play an important role in addressing this situation. Should such a proposal be implemented, it would not be inappropriate to mandate the make up of such councils to be composed equally of men and women.

**3) Lowering the Public Profile of the DMT Project:** It would appear that from time to time, the DMT has been overly inclined to emphasize the centrality of its role in District governance processes and, in so doing, has perhaps on occasion created unneeded opposition to its efforts. For example, the front page of the April 2001 District budget

declares that it was submitted by the Mayor of the Brcko District and the former DMT Chief of Party and that it was prepared by the DMT Senior Advisor. This was and is unnecessary. Indeed, if there is any area in which the project's prior leadership could be criticized, it would appear to be in this regard. However, in the grand scheme of things, that is a relatively small fault in comparison to all that was achieved.

**4) Continuing to Emphasize an Economic Development Focus for the Project but Adjusting it Toward Greater Utilization of Short Term Advisors:** A very significant achievement of the project has been its ability to adapt to changing needs. The new strategy of less dependence upon full time in country advisors and more reliance upon short term technical assistance advisors appears to be right on target with regard to what is needed. USAID and DAI are to be congratulated on making this adjustment at apparently just the right time and in just the right way. The District Supervisor is absolutely in agreement with the change, thinks that the timing was perfect and recognizes this as just one more way that the DMT project has been exceptionally responsive and well administered. Not surprisingly, the current proposals with regard to the areas upon which to focus short term assistance during the next year (general fiscal and administrative matters) are all well conceived and will be useful to carry out.

However, it is important to keep in mind that in the other areas where long term assistance has been being provided, a need for continued assistance remains. Of particular note in this regard is the area of economic development. The schedule for the phasing out of the current long term advisors quite appropriately provides continued assistance in the area of public utilities to the District Government for several more months. The Chief of Party is admirably qualified to provide continued assistance in the areas of budget and general government management. It is important however that continued assistance be provided in the area of economic development. This is a critical area for the long term success of the District Government. Absent significant economic development in the Brcko area, undoubtedly political and social pressures will develop which, over time, will have the effect of undermining the government's credibility.

While the European Union is obviously involved in a significant way in this area of activity, economic development is an important enough issue for the long term future of the District Government that it should continue to be a focus of the DMT project. This does not necessarily mean that current plans for project redirection should be altered. Rather, it means that significant consideration should be given to the utilization of short term technical assistance in an ongoing way throughout the next year to provide further assistance in the area of economic development.

**5) Assuming a Collegial Relationship with District Government Officials:** There are instances in which some of the fiscal initiatives (such as purchasing regulations) appear to have been implemented in an overly stringent and restrictive manner. Likewise, the process of budget creation and implementation appears at times to have been done in a somewhat heavy handed way. Some members of the District Government have suggested that this may have been somewhat counterproductive in terms of relationships between the DMT and the District Administration (and OHR as well). On



the other hand, an efficient, effective and remarkably honest government has been put in place in a relatively short period of time and, in all probability, this could not have been done without a certain amount of heavy handedness. It is important now however that DMT staff begin to assume a role of co-equal colleagues in their dealings with District Government officials. Fortunately, this reality appears to have been recognized.

**6) Directing Greater Attention to Issues of Citizen Participation:** It is very important that the DMT devote greater attention to the areas of citizen involvement and participation. The tremendous steps forward in terms of administrative reform and transparency inevitably will be much more fragile than is recognized. Consequently, absent the building of strong support for the District Government among the citizenry, the very important reforms introduced through the DMT project could disappear a lot more quickly than might be imagined. While it is understandable that citizen participation was not the major priority of the project at the outset, involvement of citizens in the government's activities is critical to the building of its legitimacy and this has not been given enough attention.

This issue is a very considerable concern of the people involved in District governance. The Mayor, the Vice-Mayor, the President of the Assembly, the Head of the Women's Round Table and various other folks all talked about issues of citizen participation at great length. The development of advisory committees to government agencies and departments, local school community councils, the use of public hearings in areas beyond that of the budget, the initiation of greater community outreach on the part of government departments and other approaches all need to be given a much higher priority than has been the case up to now. Initiatives that would make government agencies more civil society conscious and responsive would certainly be very helpful to the strengthening of civil society institutions - a very important goal in and of itself.

The OHR has begun to pay increasing attention to the area of citizen participation, and has in place a highly competent individual dealing with it. However, this is an area that requires a good deal more attention and resources than any one individual can provide, no matter how competent. Moreover, prior experience demonstrates clearly that joined OHR/DMT efforts in areas like this have been particularly valuable. Finally, it should also be noted that this is also an area in which the American experience is especially well developed and, consequently, one in which American expertise is of particular value.

**7) Focusing on Next Steps to Insure Sustainability:** Perhaps the single greatest concern that one might have about the DMT project is the issue of sustainability. Experience demonstrates clearly that the achievement of major government reform in situations like those in Brcko is a great deal more fragile an enterprise than is normally acknowledged. If DMT type assistance is ended, as scheduled, after one more year, there is a very high probability that many, if not most, of the achievements of the project will very quickly disappear. This will almost certainly occur if the OHR goes away relatively soon. Even if the OHR stays for another five years and there isn't someone of the stature and experience of the current Chief of Party sitting next to the Mayor's office for the next

three years, many of the projects most important accomplishments are likely to be lost or severely compromised.

Indeed, if there is one thing that is uniformly agreed upon by all those interviewed from both the District Government and the OHR, it is the need for continued assistance from the DMT project. Frequently, those interviewed indicated a need for continued DMT assistance for the next three to five years and, in some cases, as long as ten years. Certainly, the likelihood of institutionalizing the many significant achievements of the DMT project will be greatly enhanced if a Senior Advisor, in one manner or another, is able to continue to work with the District Government for the next three years.

## **Documents Reviewed**

Annual Budget of the Brcko District, Prepared by The Honorable Sinisa Kisic, Mayor of the Brcko District and Terry O'Neil, Chief of Party

Brcko District of Bosnia and Herzegovina, Economic Development Strategic Plan  
Prepared by Michael J. Montgomery

Brcko Municipal Activity Workplan: January 1999-December 2000  
January, 2000

Brcko Municipal Activity Workplan: January 2001-December 2001  
January, 2001

Brcko Municipal Activity: Work to be Performed (undated)

Brcko Municipal Assistance Program  
USAID/Bosnia, Vesna Misanovic

Development Strategy of Brcko District of Bosnia and Herzegovina 2001-2006  
Prepared by Dr. Dusana Milosevica, July, 2001

District Management Team (DMT) and Brcko District Narrative, Maps and Summary  
Prepared by DMT, August 28, 2001

District Management Team Report on Work Plan item to Identify Five New Businesses That Could Be Established In Brcko. Define Capital, Human Resources, Land Use and Other Needs. Promote Establishment of These Enterprises Prepared by Michael J. Montgomery, Planning and Economic Development Specialist

District Management Team, Report on Work Plan Item to Coordinate Surveys of Financing Sources and Develop Business Proposals to Potential Financing Sources  
Prepared by Michael J. Montgomery, Planning and Economic Development Specialist

District Management Team, Report on Work Plan Item to Implement Business Training Plan to Strengthen Five New and Ten Retained Businesses Through Establishing a Training Program for this Cluster of Businesses, Prepared by Michael J. Montgomery, Planning and Economic Development Specialist

District Management Team, Report on Work Plan Item to Outreach a Community Involvement Project in the District that Represents a Cross – Ethnic Effort Focused

Toward Youth, Prepared by Michael J. Montgomery, Planning and Economic Development Specialist

Junior Achievement of Bosnia and Herzegovina, Brcko District  
Prepared by Brcko District Management Team, August 22, 2001

MOST 2000  
Godina II Broj 14 20/8/2001

OHR: (Report on history and organization of the Office of High Representative prepared by Office of the High Representative) December, 2000

OHR: The General Framework Agreement for Peace in Bosnia and Herzegovina  
Initialed in Dayton on 21 November 1995 and signed in Paris on 14 December 1995

Proposal to Create a Public Administration Training Institute and Adult Learning Facility for Teaching Courses in Government and Civics Prepared by Michael J. Montgomery, Deputy Chief of Party and Economic Development Specialist

Quarterly Report—Brcko Municipal Activity  
Prepared by Harry Duli, Chief of Party, October 1999 - December 1999

Quarterly Report – Brcko Municipal Activity  
Prepared by Michael J. Montgomery, Acting Chief of Party, October - December 1999

Quarterly Report – Brcko Municipal Activity  
Prepared by Terry O’Neil, Chief of Party, October 1999 - December 1999

Quarterly Report – Brcko Municipal Activity  
Prepared by Terry O’ Neil, Chief of Party, July 2000 - September 2000

Quarterly Report – Brcko Municipal Activity  
Prepared by Terry O’ Neil, Chief of Party, October 2000 – December 2000

Quarterly Report – Brcko Municipal Activity  
Prepared by Terry O’ Neil, Chief of Party, January 2001 – March 2001

Quarterly Report – Brcko Municipal Activity  
Prepared by William Sommers, Chief of Party, April 2001 – June 2001

Women’s Association “Round Table”  
Brcko District of Bosnia and Herzegovina Group for Economy – 17/2/2001

## **Individuals Interviewed**

Mrs. Mirzeta Arnautovic, Director of the Branch Office of Central Bank of Bosnia & Herzegovina, in Brcko and President of Women's Association "Round Table" from Brcko

Mr. Esade Atic, Head of Education Department in the Brcko District Government

Mr. Kris Aulenbach, Interim Country Director, Academy for Educational Development

Ambassador Henry L. Clarke, International Supervisor of Brcko District of Bosnia & Herzegovina

Mr. Ismet Dedic, Head of Urbanism, Real Estate Affairs and Economic Development Department, Brcko

Mr. Mirsad Djapo, Chairmen of the Assembly of Brcko District of B&H

Mr. Anto Domic, Head of Health Care, Public Security and Community Services Department, Brcko

Ms. Robyn Goodkind, Democracy Specialist, USAID, Bosnia & Herzegovina

Mr. Hamed Jerkovic, Head of Public Work Department, Brcko

Mr. Goroljub Jovanovic, Head of Utilities Department, Brcko

Mr. Esef Jusufovic, Head of Personnel and Salary Division, Brcko

Mr. Sinisa Kistic, Mayor of Brcko District of B&H

Mr. Ivan Krndelj, Deputy Mayor of Brcko District and Head of Administrative Support Department, Brcko

Ms. Catharina de Lange, Community Development Officer, Office of the High, Representative/North

Ms. Jacqueline Levister, DMT Utilities and Public Works Specialist

Mr. Donald Manning, DMT Budget and Finance Specialist

Mr. Michael J. Montgomery, Deputy Chief of Party and Director, Urban Planning and Economic Development

Mr. Muhamed Mujkic, Coordinator in the Mayor's Office and journalist for MOST 2000, Brcko

Mr. Mustafa Nukovic, Head of Budget and Finances Department, Brcko

Mr. Osman Osmanovic, Director of the Brcko District Revenue Agency, Brcko

Mr. Nikola Ristic, Head of Public Registry Department, Brcko

Mr. William Sommers, Chief of Party, DMT

Mr. Gerhard Sonthiem, Deputy Supervisor, Brcko District, Bosnia & Herzegovina

Mr. Charles Speer, DMT Tax Specialist

Mr. Ratko Stjepanovic, Head of Agriculture and Forestry Department, Brcko

Mr. Petar Vasic, Chief of Protocol, Mayor's Office and Editor-in Chief of MOST 2000

Mr. William H. Yaeger, Chief, Democracy Officer, USAID, Bosnia & Herzegovina